

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 3265

INFO AMCONSUL ASMARA

AMEMBASSY NAIROBI

AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE ADDIS ABABA 2029

E.O. 11652: N/A

TAGS: ECON EINV ET

SUBJECT: EPMG INTENTIONS VIS-A-VIS US FIRMS AFFECTED BY

NATIONALIZATION

REF: ADDIS ABABA 1830

1. AS RESULT OF A REPORT THAT THE GOVERNMENT HAD ALREADY APPOINTED A NEW MANAGER TO ONE OF FOUR U.S. FIRMS AFFECTED BY NATIONALIZATION (ELIDCO), EMBASSY OFFICERS EXPLORED EPMG INTENTIONS VIS-A-VIS AFFECTED FIRMS WITH MINISTER COMMERCE AND INDUSTRY MOHAMED ABDURAHMAN AND NEW PERMANENT SECRETARY ASHAGRE YIGLELU. PERMSEC, WHO OBVIOUSLY MORE KNOWLEDGEABLE THIS AREA THAN MINISTER, SAID THAT NEW MANAGERS HAD NOT YET IN FACT BEEN APPOINTED. IN PRINCIPLE, EPMG WOULD TRY TO APPOINT AN ETHIOPIAN AS GENERAL MANAGER WHENEVER FEASIBLE. EMBOFFS POINTED OUT THAT MOBIL'S GENERAL MANAGER HAD REGIONAL SUPERVISORY RESPONSIBILITIES QUITE ASIDE FROM ETHIOPIAN OPERATIONS AND THAT MANAGERS OF OTHER THREE FIRMS HAD SPECIALIZED KNOWLEDGE AND LONG YEARS OF EXPERIENCE IN

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THEIR RESPECTIVE FIELDS. ASHAGRE THEN AGREED TO SPEAK TO EACH OF

THE FOUR MANAGERS, WHOM HE APPARENTLY KNEW, AND DISCUSS THE MATTER WITH THEM. HE THEREUPON ADDED THAT HE WOULD RECOMMEND THAT DR. SILESHIE KEBEDE BE CONFIRMED AS GENERAL MANAGER OF ETHIOPIAN SPICE. ASHAGRE ADMITTED THAT MOBIL WAS A SPECIAL CASE NOTING, INTERESTINGLY ENOUGH, THAT IT ALSO SUPPLIED ALL OF ETHIOPIA'S CRUDE REQUIREMENTS AND WOULD RECOMMEND THAT ITS REGIONAL CHARACTER BE TAKEN INTO ACCOUNT VERY CAREFULLY.

2. THE PERMANENT SECRETARY SAID THAT THE FIRST MEETING OF THE SPECIAL COMMITTEE TO CONSIDER COMPENSATION WOULD BE HELD ON FEBRUARY 20. HE BELIEVED THAT COMPENSATION FOR THE FOUR FIRMS IN QUESTION AS WELL AS ETHIOPIAN AMERICAN LIFE WOULD BE "FAIR" AND HE DOUBTED THERE WOULD BE ANY QUARRELS ON THIS QUESTION. HE ADDED THAT FROM EPMG POINT OF VIEW, AFFECTED US FIRMS, WITH EXCEPTION OF MOBIL, WERE NOT THAT SIGNIFICANT. ASHAGRE WAS UNABLE TO SAY WHAT THE TIME FRAME FOR COMPENSATION WOULD BE; THIS WOULD BE LARGELY DETERMINED BY THE COMMITTEE.

3. COMMENTING ON A STATEMENT CONTAINED IN THE FEBRUARY 7 DECLARATION OF ECONOMIC POLICY THAT STRICT CONTROL WOULD BE EXERCISED OVER FOREIGN EXCHANGE EARNINGS, ASHAGRE SAID THAT EARNINGS OF FOREIGN COMPANIES WOULD NOT BE AFFECTED AND COULD CONTINUE TO BE REPATRIATED MORE OR LESS AS IN THE PAST. IN RESPONSE TO QUESTION, PERMSEC ALSO FLATLY ASSERTED THAT "THERE WOULD BE NO MORE NATIONALIZATIONS." AT END OF DISCUSSION, HE SAID THAT HE WOULD BE PLEASED TO DISCUSS ANY PROBLEMS AFFECTING COMPANIES WITH THE EMBASSY OR THE COMPANIES THEMSELVES.

4. COMMENT: STILL IN HIS MID-THIRTIES, ASHAGRE'S RISE FROM HEAD OF THE PRICE CONTROL COMMISSION TO MEMBER OF THE (CIVILIAN) ADVISORY BODY TO PERMANENT SECRETARY IN LESS THAN FOUR MONTHS HAS BEEN NOTHING LESS THAN PHENOMENAL. CLEARLY CONFIDENT AND WITH CLOSE TIES TO THE DIRG, HE SEEMED FORTHCOMING AND REASONABLE, AUGURING WELL FOR FUTURE DISCUSSIONS IN THIS AREA.

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